

Riverton Township
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)
Year ended March 31, 2008

Riverton Township

List of Elected Officials

Supervisor:	Kathleen Andersen
Clerk:	Rita Johnson
Treasurer:	Mary Nichols
Trustee:	Scott Ditmer
Trustee:	Ronald Lundberg

Riverton Township

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INDEPENDENT AUDITOR'S REPORT

September 29, 2008

Township Board
Riverton Township
Ludington, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverton Township, as of and for the year ended March 31, 2008, which collectively comprise Riverton Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Riverton Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverton Township, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Lake Michigan CPA Services, LLC
Ludington, Michigan

RIVERTON TOWNSHIP
MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

Using this Annual Report

As management of Riverton Township, we offer readers of Riverton Township's financial statements, this narrative overview and analysis of financial activities for the year ended March 31, 2008. The Township is presenting this analysis along with the financial statements in a format prescribed by the provisions of the Governmental Accounting Standards Board Statement 34 (GASB 34). The annual report consists of a series of financial statements, including the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements are also included, which tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Financial Highlights

The Township's governmental activities showed an improvement over the prior year, as the Township's revenues exceeded expenses by \$34,951 in the government-wide financial statements. The fund balance of the Township's General Fund increased by \$32,111.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to give a view of the entity as a whole. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities and charges.

The Statement of Net Assets is the Township-wide statement of financial position presenting information that includes all of the Township's assets and liabilities, with the difference

RIVERTON TOWNSHIP
MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

reported as net assets. Over time, changes in net assets may serve as a useful indicator of the financial health of the Township and whether the financial condition is improving or deteriorating.

The Statement of Activities reports how the Township's net assets changed during the current fiscal year. All current year revenues and expenses are included when the event giving rise to the change occurs, regardless of the timing of when cash is received or paid. The Statement of Activities is designed to help show the financial reliance of the Township's distinct activities or functions on revenues provided by the Township's taxpayers and intergovernmental revenues.

Fund Financial Statements.

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with related laws and regulations. Within the basic financial statements, the fund financial statements focus on the Township's most significant funds, rather than the Township as whole. Major funds are separately reported while all others are combined into an aggregated presentation. Riverton Township has one governmental funds, the General Fund, which is a major fund.

The Township has two types of funds as noted below:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Township's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year. Governmental funds are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

The government-wide financial statements focus on the long-term view, while the fund statements focus on a shorter view. Therefore, comparisons of the two may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances include a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

RIVERTON TOWNSHIP
MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

A budgetary comparison for the General Fund is found at the end of this report. This schedule demonstrates compliance with the Township's adopted and final revised budget.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide financial reporting, as they are used to account for resources held for the benefit of parties other than the Township. Fiduciary fund financial statements report resources that are not available to fund Township programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the Financial Statements.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin immediately following the basic financial statements.

Government-wide Financial Analysis

Net assets of the Township may be used as an indicator of a government's overall financial position. As of March 31, 2008, the Township's net assets from governmental activities totaled \$417,683, which was an increase over the net assets of \$382,732 at March 31, 2007.

Net assets of the Township include net assets which are invested in capital assets (i.e., buildings, land, equipment, etc.). These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Net assets invested in capital assets totaled \$53,686 at March 31, 2008 and \$50,846 at March 31, 2007. The Township did not have any debt outstanding at March 31, 2008 or 2007. The unrestricted net assets for governmental-type activities at March 31, 2008 depicted a fund balance of \$363,997. At March 31, 2007, this total was \$331,886. The unrestricted fund balance represents the amount of discretionary resources that can be used for general governmental operations.

RIVERTON TOWNSHIP

MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

The following table presents a summary of the government-wide statement of net assets:

	March 31, 2008	March 31, 2007	Increase/ (Decrease)
Current assets	\$ 363,997	\$ 331,886	\$ 32,111
Noncurrent assets	53,686	50,846	2,840
Total Assets	<u>417,683</u>	<u>382,732</u>	<u>34,951</u>
Net Assets			
Invested in Capital Assets	53,686	50,846	2,840
Unrestricted	363,997	331,886	32,111
Total Net Assets	<u>\$ 417,683</u>	<u>\$ 382,732</u>	<u>\$ 34,951</u>

The change in governmental activities' net assets showed an increase of \$34,951 during 2008. This was due to an increase in revenues over the prior year and a decrease in expenditures. Operating revenues of \$17,208 combined with non-operating revenues of \$153,749 exceeded expenses of \$136,006. The following table summarizes the governmental statement of activities for the years ended March 31, 2008 and 2007:

Revenues	03/31/08	03/31/07
Program Revenues		
Charges for Services	\$ 17,208	\$ 7,890
General Revenues		
Property Taxes	46,526	43,034
Grant and Contributions not restricted	94,496	94,778
Unrestricted Investment Earnings	11,291	10,701
Miscellaneous	1,436	1,231
Total Revenue	<u>170,957</u>	<u>157,634</u>
Expenses		
General Government	67,688	67,875
Public Safety	21,746	19,748
Public Works	41,668	29,163
Culture and Recreation	4,904	2,221
Total Expenses	<u>136,006</u>	<u>119,007</u>
Increase in Net Assets	34,951	38,627
Net Assets, April 1, 2007 and 2006	<u>382,732</u>	<u>344,105</u>
Net Assets at March 31, 2008 and 2007	<u>\$ 417,683</u>	<u>\$ 382,732</u>

RIVERTON TOWNSHIP

MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

Fund Financial Analysis

As noted above, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming requirements. Riverton has one governmental fund, which is the General Fund.

The General Fund reported an ending fund balance of \$363,997. All of this fund balance is unreserved for continuing Township service requirements. This is slightly above last year's General Fund ending fund balance of \$331,886, all of which was unreserved and unrestricted. The fund balance of the General Fund increased \$32,111 over the prior year.

General Fund Budgetary Highlights

The originally adopted General Fund budget for the March 31, 2008 fiscal year showed planned revenue of \$141,160 and expenditures of \$352,169. The excess of expenditures over revenues was to be covered by the Township's fund balance. The township board did not amend the budget during the year.

RIVERTON TOWNSHIP

MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

Capital Assets

The Township's total investment in capital assets as of March 31, 2008 was \$53,686. The investment in capital assets includes land, land improvements, buildings and improvements, and equipment. Current year capital asset additions included cemetery improvements.

The following table depicts the composition of capital assets of the Township as of March 31, 2008 and 2007:

Capital Assets
March 31, 2008 and 2007

Governmental activities		
Nondepreciable	03/31/08	03/31/07
Land	\$ 7,971	\$ 7,971
Depreciable		
Buildings and improvements	103,768	103,768
Land improvements	5,732	-
Equipment	2,277	2,277
Total depreciable assets	111,777	106,045
Total capital assets	119,748	114,016
Less: Accumulated Depreciation	(66,062)	(63,170)
Governmental capital assets, net of accumulated depreciation	\$ 53,686	\$ 50,846

Long-term debt

Riverton Township had no outstanding debt at March 31, 2008 or March 31, 2007.

General Economic Overview

Riverton Township plans to maintain its financial stability over the course of the next fiscal year. The two main sources of revenue for the Township are property taxes and state shared revenue, both of which are expected to remain at about the same level or slightly below what

RIVERTON TOWNSHIP

MASON COUNTY, MICHIGAN

Management's Discussion and Analysis

was experienced in the current fiscal year. Expenditures are planned to remain consistent with the 2008 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Riverton Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Riverton Township, 2122 W. Hawley Road, Scottville, Michigan 49454 or (231) 845-5749.

Riverton Township
Statement of Net Assets
March 31, 2008

ASSETS

	Governmental activities
CURRENT ASSETS	
Cash and investments	\$ 341,635
Receivables	4,508
Due from other governmental units	17,854
Total current assets	<u>363,997</u>
NONCURRENT ASSETS	
Capital assets, net	
Nondepreciable	7,971
Depreciable	45,715
Total noncurrent assets	<u>53,686</u>
Total assets	<u><u>\$ 417,683</u></u>

NET ASSETS

NET ASSETS	
Invested in capital assets, net of related debt	53,686
Unrestricted	<u>363,997</u>
Total net assets	<u><u>\$ 417,683</u></u>

The accompanying notes are an integral part of this statement.

Riverton Township
Statement of Activities
For the year ended March 31, 2008

		<u>Program Revenue</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions/Programs			
Governmental activities:	<u>Expenses</u>	<u>Charges for services</u>	<u>Governmental activities</u>
General government	\$ 67,688	\$ 10,828	\$ (56,860)
Public safety	21,746	6,380	(15,366)
Public works	41,668	-	(41,668)
Culture and recreation	4,904	-	(4,904)
Total government	<u>\$ 136,006</u>	<u>\$ 17,208</u>	<u>(118,798)</u>
General revenues			
Property taxes, levied for general purposes			46,526
Grants and contributions not restricted to specific programs			94,496
Unrestricted investment earnings			11,291
Miscellaneous			<u>1,436</u>
Total general revenues			<u>153,749</u>
Change in net assets			34,951
Net assets at April 1, 2007			<u>382,732</u>
Net assets at March 31, 2008			<u>\$ 417,683</u>

The accompanying notes are an integral part of this statement.

Riverton Township
Balance Sheet
Governmental Fund - General Fund
March 31, 2008

	General Fund
ASSETS	
Cash and investments	\$ 341,635
Taxes receivable	4,508
Due from other governmental units	17,854
Total assets	\$ <u>363,997</u>
 FUND BALANCES	
Unreserved	363,997
Total fund balances	\$ <u>363,997</u>

The accompanying notes are an integral part of this statement.

Riverton Township
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
March 31, 2008

Total fund balance—governmental fund	\$ 363,997
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Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the
governmental funds.

Cost of capital assets	\$ 119,748	
Accumulated depreciation	<u>(66,062)</u>	53,686

Net assets of governmental activities in the Statement of Net Assets	\$ <u><u>417,683</u></u>
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The accompanying notes are an integral part of this statement.

Riverton Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund - General Fund
For the year ended March 31, 2008

	General Fund
REVENUES	
Property taxes	\$ 46,526
Intergovernmental revenues - state	94,496
Charges for services	17,208
Investment earnings	11,291
Other	1,436
Total revenues	<u>170,957</u>
EXPENDITURES	
Current:	
General government	57,070
Public safety	21,371
Public works	41,668
Culture and recreation	4,240
Other governmental functions	8,765
Capital outlay	5,732
Total expenditures	<u>138,846</u>
Net change in fund balance	32,111
Fund balance at April 1, 2007	<u>331,886</u>
Fund balance at March 31, 2008	<u><u>\$ 363,997</u></u>

The accompanying notes are an integral part of this statement.

Riverton Township

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of the governmental fund to the Statement of Activities

For the year ended March 31, 2008

Net change in fund balance - governmental fund	\$ 32,111
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report outlays for capital assets as expenditures.
However, in the Statement of Activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Depreciation expense	(2,892)
Capital outlay	5,732

Change in net assets of governmental activities	\$ <u>34,951</u>
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The accompanying notes are an integral part of this statement.

Riverton Township
Statement of Fiduciary Assets and Liabilities
Agency Fund
For the year ended March 31, 2008

	Tax Collection Fund
ASSETS	<hr/>
Cash and investments	\$ <u>1,675</u>
LIABILITIES	
Due to other governmental units	\$ <u>1,675</u>

The accompanying notes are an integral part of this statement.

Riverton Township
Notes to the Financial Statements
March 31, 2008

I. Summary of significant accounting policies

The accounting policies of Riverton Township have been adopted to conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by Riverton Township.

A. Reporting entity

Riverton Township is a general law township located in Mason County, which operates under the direction of a five member elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

Riverton Township
Notes to the Financial Statements
March 31, 2008

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property and other taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Riverton Township reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the township reports the following fund type:

The tax collection agency fund accounts for all of the tax collection payments and disbursements to Riverton Township and other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Riverton Township
Notes to the Financial Statements
March 31, 2008

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund payables and receivables between the tax collection fund and other funds due to a transfer of funds subsequent to year-end and other charges between the government's sewer function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, liabilities and net assets or equity

1. Deposits and investments

The township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds. All investments are reported at fair value.

The Township's pension trust investments are held in trust by the investment fiduciary, John Hancock Financial Services. The State of Michigan authorizes the Township's plan to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Pension plan securities traded on national exchanges are valued at the last reported sales price

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Riverton Township
Notes to the Financial Statements
March 31, 2008

All trade and property tax receivables are shown net of allowance for uncollectibles. The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Property taxes are levied on December 1 on the taxable valuation of real and personal property (as defined by state statutes) located in the Township as of the preceding December 31. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 state taxable value for property within the Township totaled approximately \$35,356,367. The property tax levied consisted of .9209 mills for the Township's operating purposes, which is reflected in the Township's General Fund.

3. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major capital outlays for assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-40
Land improvements	20
Equipment	5

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Riverton Township
Notes to the Financial Statements
March 31, 2008

5. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The township supervisor works with the clerk and treasurer to prepare the budget and submit it to the Township Board prior to March 31. The operating budget includes proposed expenditures and the means of financing them. A public hearing is held at the Township Hall to obtain taxpayer comments. Prior to the end of the fiscal year, the Township Board enacts the budget through a resolution. The budget is amended throughout the year, when required to provide for additional revenues and expenditures.

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level.

III. Detailed notes on all funds

A. Deposits and investments

As of March 31, 2008, the township had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>	<u>Moody's</u>	<u>Percent</u>
Negotiable certificates of deposit	\$85,032	14 months	Not rated	100%

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Riverton Township
Notes to the Financial Statements
March 31, 2008

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The Township's investment policy does not further limit its investment options.

Concentration of Credit Risk

The Township Board places no limit on the amount that the Township may invest in any one issuer.

Custodial Credit Risk

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require, and the Township does not have, a deposit policy for custodial credit risk. As of March 31, 2008, \$200,503 of the Township's governmental funds' deposits and investments were covered by federal depository insurance, and \$141,132 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Foreign currency risk

The Township is not authorized to invest in securities which have this type of risk.

B. Receivables

The Township's due from other governmental units consisted of a State of Michigan shared revenue payment of \$14,343 and \$3,511 due from the Mason County Rural Fire Authority for fire run reimbursements. Taxes receivable at March 31, 2008 totaled \$4,508.

Riverton Township
Notes to the Financial Statements
March 31, 2008

C. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance April 1, <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance March 31, <u>March 31, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 7,971	\$ -	\$ -	\$ 7,971
Capital assets, being depreciated:				
Buildings and improvements	103,768	-	-	103,768
Land improvements	-	5,732	-	5,732
Equipment	<u>2,277</u>	<u>-</u>	<u>-</u>	<u>2,277</u>
Total capital assets, being depreciated:	106,045	5,732	-	111,777
Less accumulated depreciation	63,170	2,892	-	66,062
Net capital assets, being depreciated	<u>42,875</u>	<u>2,840</u>	<u>-</u>	<u>45,715</u>
Total governmental capital, net	<u><u>\$ 50,846</u></u>	<u><u>\$ 2,840</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,686</u></u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 1,853
Public safety	375
Culture and recreation	<u>664</u>
Total depreciation expense	<u><u>\$ 2,892</u></u>

D. Other information

1. Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Riverton Township
Notes to the Financial Statements
March 31, 2008

2. *Contingent liabilities*

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

E. Pension plan

The Township offers pension benefits to all of its elected officials and fire chief through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For employees who choose to participate in the plan, the Township contributes 11.25% of eligible compensation to the plan. For the year ended March 31, 2008, pension expense was \$2,684 on eligible compensation of \$23,861.

F. Economic dependency

The Township relies on the State of Michigan Shared Revenue program to fund a portion of its current governmental operations. For the year ended March 31, 2008, the state shared revenue was approximately 55% of total governmental revenue.

Required supplementary information

Riverton Township
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended March 31, 2008

	Budgeted Amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 34,300	\$ 34,300	\$ 46,526	\$ 12,226
Intergovernmental revenues - state	95,200	95,200	94,496	(704)
Charges for services	6,800	6,800	17,208	10,408
Investment earnings	4,000	4,000	11,291	7,291
Other	860	860	1,436	576
Total revenues	141,160	141,160	170,957	29,797
EXPENDITURES				
Current				
General government				
Township board	1,680	1,680	1,680	-
Supervisor	5,100	5,100	5,000	100
Clerk	7,500	7,500	7,108	392
Treasurer	11,475	11,475	12,024	(549)
Assessor	13,516	13,516	11,987	1,529
Townhall	16,200	16,200	9,467	6,733
Board of review	1,000	1,000	470	530
Elections	2,500	2,500	1,164	1,336
Cemetery	10,200	10,200	8,170	2,030
Public safety - fire	25,000	25,000	21,371	3,629
Public works				
Roads	201,198	201,198	37,358	163,840
Sanitation	-	-	4,310	(4,310)
Culture and recreation	10,000	10,000	4,240	5,760
Other governmental functions	20,800	20,800	8,765	12,035
Contingency	10,000	10,000	-	10,000
Capital outlay	16,000	16,000	5,732	10,268
Total expenditures	352,169	352,169	138,846	213,323
Net change in fund balance	\$ (211,009)	\$ (211,009)	32,111	\$ 243,120
Fund balance at April 1, 2007			331,886	
Fund balance at March 31, 2008			\$ 363,997	



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September 29, 2008

Township Board
Riverton Township
Scottville, Michigan

I have audited the financial statements of the governmental activities of Riverton Township for the year ended March 31, 2008, and have issued my report thereon dated September 29, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated January 5, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Riverton Township are described in Note I to the financial statements. No new accounting policies have been adopted and the application of existing policies was not changed during the 2008 fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 29, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To my knowledge, there are no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses are not a condition to my retention.

This information is intended solely for the use of the Township Board and management of Riverton Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lake Michigan CRA Services, LLC
September 29, 2008
Ludington, Michigan